

House File 2308 - Introduced

HOUSE FILE 2308
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 593)

A BILL FOR

1 An Act relating to final-stage motor vehicle manufacturers.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.1, subsection 37, Code 2018, is
2 amended to read as follows:

3 37. "*Manufacturer*" means every person engaged in the
4 business of fabricating or assembling vehicles of a type
5 required to be registered. "*Manufacturer*" does not include
6 a person who converts, modifies, or alters a completed
7 motor vehicle manufactured by another person or a person who
8 assembles a glider kit vehicle. "*Manufacturer*" includes a
9 person who uses a completed motor vehicle manufactured by
10 another person to construct a class "B" motor home as defined
11 in [section 321.124](#). "*Manufacturer*" also includes a final-stage
12 manufacturer as defined in section 322.2.

13 Sec. 2. Section 322.2, Code 2018, is amended by adding the
14 following new subsections:

15 NEW SUBSECTION. 10A. "*Final-stage manufacturer*" means
16 a person who performs such manufacturing operations on an
17 incomplete motor vehicle that it becomes a completed motor
18 vehicle.

19 NEW SUBSECTION. 11A. "*Incomplete motor vehicle*" means
20 an assemblage consisting, at a minimum, of frame and chassis
21 structure, power train, steering system, suspension system,
22 and braking system to the extent that those systems are to
23 be part of a completed motor vehicle, that requires further
24 manufacturing operations, other than the addition of readily
25 attachable components, such as mirrors or tire and rim
26 assemblies, or minor finishing operations such as painting, to
27 become a completed motor vehicle.

28 NEW SUBSECTION. 11B. "*Incomplete motor vehicle manufacturer*"
29 means a person who manufactures an incomplete motor vehicle
30 by assembling components none of which, taken separately,
31 constitute a completed motor vehicle.

32 NEW SUBSECTION. 14A. "*Multi-stage manufactured vehicle*"
33 means a motor vehicle built in two or more stages in which
34 an incomplete motor vehicle, built by one manufacturer, is
35 completed by another manufacturer who adds cargo carrying

1 components or other components to the vehicle.

2 Sec. 3. Section 322.2, subsection 12, Code 2018, is amended
3 to read as follows:

4 12. *"Manufacturer"* means any person engaged in the business
5 of fabricating or assembling motor vehicles. *"Manufacturer"*
6 does not include a person who converts, modifies, or alters a
7 completed motor vehicle manufactured by another person or a
8 person who assembles a glider kit vehicle as defined in section
9 321.1. *"Manufacturer"* includes a person who uses a completed
10 motor vehicle manufactured by another person to construct
11 a class "B" motor home as defined in [section 321.124](#) or a
12 motorsports recreational vehicle as defined in [section 321.1](#).
13 *"Manufacturer"* also includes a final-stage manufacturer.

14 Sec. 4. Section 322.3, subsection 1, Code 2018, is amended
15 to read as follows:

16 1. A person shall not engage in this state in the business
17 of selling at retail new motor vehicles of any make or
18 represent or advertise that the person is engaged or intends
19 to engage in such business in this state unless the person
20 is authorized to do so by a contract in writing with the
21 manufacturer or distributor of such make of new motor vehicles
22 and unless the department has licensed the person as a motor
23 vehicle dealer in this state in motor vehicles of such make
24 and has issued to the person a license in writing as provided
25 in [this chapter](#). This subsection shall not be construed to
26 prohibit a final-stage manufacturer of multi-stage manufactured
27 vehicles that holds a used motor vehicle dealer license
28 issued pursuant to this chapter from assigning a multi-stage
29 manufactured vehicle's manufacturer's statement of origin to a
30 retail buyer for purposes of issuance of a certificate of title
31 by a county treasurer as a new motor vehicle with the same make
32 as the multi-stage manufactured vehicle without holding a new
33 motor vehicle dealer license and without paying any associated
34 motor vehicle registration fees.

35 Sec. 5. Section 322.3, subsection 14, Code 2018, is amended

1 by adding the following new paragraph:

2 NEW PARAGRAPH. *f.* A final-stage manufacturer of multi-stage
3 manufactured vehicles from being licensed as a used motor
4 vehicle dealer or from assigning a multi-stage manufactured
5 vehicle's manufacturer's statement of origin to a retail
6 buyer for purposes of issuance of a certificate of title by
7 a county treasurer as a new motor vehicle with the same make
8 as the multi-stage manufactured vehicle without holding a new
9 motor vehicle dealer license and without paying any associated
10 motor vehicle registration fees. This paragraph shall not
11 be construed to authorize a manufacturer or incomplete motor
12 vehicle manufacturer to directly sell at retail incomplete or
13 completed motor vehicles to a retail buyer except as provided
14 in this subsection.

EXPLANATION

16 The inclusion of this explanation does not constitute agreement with
17 the explanation's substance by the members of the general assembly.

18 This bill provides that "manufacturer" under Code sections
19 321.1 and 322.2 includes a final-stage manufacturer. The
20 bill defines "final-stage manufacturer" to mean a person who
21 performs such manufacturing operations on an incomplete motor
22 vehicle that it becomes a completed motor vehicle. "Incomplete
23 motor vehicle" means an assemblage consisting, at a minimum,
24 of frame and chassis structure, power train, steering system,
25 suspension system, and braking system to the extent that those
26 systems are to be part of a completed motor vehicle, that
27 requires further manufacturing operations, other than the
28 addition of readily attachable components, such as mirrors or
29 tire and rim assemblies, or minor finishing operations such as
30 painting, to become a completed motor vehicle.

31 Under current law, Code section 322.3(1) prohibits a person
32 from engaging in the business of selling at retail new motor
33 vehicles of any make, or from representing or advertising that
34 the person is engaged or intends to engage in such business,
35 unless the person is authorized to do so by a contract in

1 writing with the manufacturer or distributor of such make of
2 new motor vehicles and unless the department of transportation
3 has licensed the person as a motor vehicle dealer in motor
4 vehicles of such make and has issued to the person a license
5 in writing as provided in Code chapter 322. The bill provides
6 that this prohibition shall not be construed to prohibit a
7 final-stage manufacturer of multi-stage manufactured vehicles
8 that holds a used motor vehicle dealer license from assigning
9 a multi-stage manufactured vehicle's manufacturer's statement
10 of origin to a retail buyer for purposes of issuance of a
11 certificate of title by a county treasurer as a new motor
12 vehicle with the same make as the multi-stage manufactured
13 vehicle without holding a new motor vehicle dealer license
14 and without paying any associated motor vehicle registration
15 fees. The bill provides that a "multi-stage manufactured
16 vehicle" means a motor vehicle built in two or more stages in
17 which an incomplete motor vehicle, built by one manufacturer,
18 is completed by another manufacturer who adds cargo carrying
19 components or other components to the vehicle.

20 Under current law, Code section 322.3(14) prohibits a motor
21 vehicle manufacturer or importer from directly or indirectly
22 being licensed as, owning an interest in, operating, or
23 controlling a motor vehicle dealer, with certain exceptions.
24 The bill adds to the list of exceptions a provision allowing a
25 final-stage manufacturer of multi-stage manufactured vehicles
26 to be licensed as a used motor vehicle dealer and to assign a
27 multi-stage manufactured vehicle's manufacturer's statement
28 of origin to a retail buyer for purposes of issuance of a
29 certificate of title by a county treasurer as a new motor
30 vehicle with the same make as the multi-stage manufactured
31 vehicle without holding a new motor vehicle dealer license and
32 without paying any associated motor vehicle registration fees.
33 The bill provides that the exception shall not be construed
34 to authorize a manufacturer or incomplete motor vehicle
35 manufacturer to directly sell at retail incomplete or completed

1 motor vehicles to a retail buyer except as provided in Code
2 section 322.3(14). The bill provides that an "incomplete
3 motor vehicle manufacturer" means a person who manufactures
4 an incomplete motor vehicle by assembling components none of
5 which, taken separately, constitute a completed motor vehicle.